Pathfinder Honour:
Trainer's Notes

Bookkeeping

Instructions to Trainers / Instructors of this Honour

Thankyou for being involved with this Honour. These notes have been developed to assist in teaching / instructing this honour. We recognise that there is much more information available and we are grateful that you should share your expertise.

Please remember that Honours are designed to develop our Pathfinders in many ways; their interests, their knowledge and their relationship with their Saviour and Creator. Your enthusiasm and creativity will have a huge impact on those doing the honour.

To complete an Honour, the following (where applicable) must be completed satisfactorily:
- Physical and Practical Requirements.
- Honour Workbook.
- Honour Assessment Sheet. *(On SPD Honour Website but Leader's level access is required)*

Additional Reference Material

Acknowledgements
Please see references in the following text.

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BEFORE YOU START

Dollars are used in these notes. Please feel welcome to use a different currency. Also, the terms used in this honour may mean different thing in countries other than Australia. Please adapt to suit local conditions

The following worked examples are derived from the spreadsheet *Bookkeeping Honour Workbook_Spreadsheet*. We have developed this in Microsoft Excel for those who may like to use a computer. Alternatively, our standard Workbook is also provided.

REQUIREMENT 1. Make out a household budget and keep an accurate cash (ie income) and expense record for three (3) months (junior youth can do this in cooperation with parents), or boys and girls living on a farm may keep an accurate expense and income record in connection with crops, dairy products, or livestock. Alternatively, for a well-run Pathfinder Club, the cash flow of the Club may be substituted for the household or farm.

Please refer to notes on Requirement 2 (see below). The same principles apply.

REQUIREMENT 2. Keep a personal cash record and budget for at least three months.

Name:	Penny Pathfinder
Details:	Personal Cash Record

WEEK	DATE (Week ending)	BUDGET (ie. your plan for each week)				ACTUAL (ie. what happened each week)			
		Description	Income	Expense	Cash on Hand	Description	Income	Expense	Cash on Hand
	30-Jan-10				**$100.00**				**$100.00**
1	06-Feb-10	Pocket money ($20)	$20.00		**$120.00**	Pocket money ($20)	$20.00		**$120.00**
2	13-Feb-10	Pocket money ($20), Bus ticket ($5)	$20.00	$5.00	**$135.00**	Pocket money ($20), Bus ticket ($6)	$20.00	$6.00	**$134.00**
3	20-Feb-10	Pocket money ($20)	$20.00		**$155.00**	Pocket money ($20)	$20.00		**$154.00**
4	27-Feb-10	Pocket money ($20), Concert ticket ($50), Bus ticket ($5)	$20.00	$55.00	**$120.00**	Pocket money ($20). Concert ticket ($40), Bus ticket ($6)	$20.00	$46.00	**$128.00**
5	06-Mar-10	Pocket money ($20)	$20.00		**$140.00**	Pocket money ($20), Library book fine ($4)	$20.00	$4.00	**$144.00**
6	13-Mar-10	Pocket money ($20)	$20.00		**$160.00**	Pocket money ($20), Sport's fees ($15)	$20.00	$15.00	**$149.00**
7	20-Mar-10	Pocket money ($20), Sport's fees ($18)	$20.00	$18.00	**$162.00**	Pocket money ($20)	$20.00		**$169.00**

Main Points of Above Example

$ WEEK: All records are based on what was budgeted or what happened through each week.

$ 30-Jan-10. The starting date of the Cash Record. Once this date is inserted, the spreadsheet calculates the rest of the dates automatically. Thus 06-Feb-10 is the last day of week1.

$ $100.00: The Actual amount of cash available at the start. It's OK to leave it at zero. Once this is entered, the first 'Cash on Hand' entry of the Budget columns is calculated automatically.

$ BUDGET Columns: Insert the Descriptions of a proposed transactions; 'Income' or 'Expense'. The spreadsheet calculates the 'Cash on Hand'. This is how much money you expect to have at the end of that week.

$ ACTUAL Columns: They are similar to the BUDGET Columns except that are what actually happened. The 'Cash on Hand' is how much money you actually have.

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REQUIREMENT 3: For a period of one month:

a. Keep a vehicle mileage log

This is simply a 'diary' of where and how-far a vehicle has traveled. The spreadsheet calculates the DISTANCE TRAVELLED data automatically.

Owner:	Mr P F Director	Type:	Explorer 4WD
Make:	Ranger	Model:	Guide 2008

DATE	DETAILS OF DESTINATION / JOURNEY	ODOMETER Start	ODOMETER End	DISTANCE TRAVELLED This Journey	DISTANCE TRAVELLED All Journeys
01-Jan-10	Pathfinder Campout. Mac's farm	29923	30058	135	135
03-Jan-10	Stormco	30058	30485	427	562
12-Jan-10	Teen Expedition	30485	31101	616	1178
20-Jan-10	To Camporee	31101	31507	406	1584
25-Jan-10	From Camporee (incl sightseeing)	31507	31974	467	2051

b. Keep a log on vehicle fuel consumption and fuel expenses

Owner:	Mr P F Director	Type:	Explorer 4WD
Make:	Ranger	Model:	Guide 2008

DATE	DETAILS AT REFILLING Odometer (km)	DETAILS AT REFILLING Fuel added (L)	DETAILS AT REFILLING Cost of fuel ($)	TRIP STATISTICS Distance Travelled (km)	TRIP STATISTICS Fuel Consumption (L / 100km)
Overall		151.80	$191.05	1724	8.8
01-Jan-10	16609				
08-Jan-10	17043	37.90	$46.22	434	8.7
15-Jan-10	17388	31.20	$38.69	345	9.0
23-Jan-10	17698	28.70	$36.74	310	9.3
30-Jan-10	18333	54.00	$69.40	635	8.5

The **Overall** row calculates the **Total fuel added** (151.80 litres), the **Total cost of fuel** ($191.05) and the **Total distance travelled** (1724km). This gives an Average Fuel Consumption of **8.8 litres per 100 kilometres**. This means that, if you only had 8.8 litres in the fuel tank, you would only travel 100 km before you ran out of fuel.

The formula is:

Fuel Consumption   =   Litres / (Distance Travelled / 100)

Substituting the values above

Fuel Consumption   =   151.80 litres / (1724km / 100)

=   8.8 litres per 100 km

Commence your log by filling the fuel tank and entering the date (ie 01-Jan-10) and the odometer reading (ie 16609). The spreadsheet calculates the TRIP STATISTICS automatically. It is recommended that the fuel tank be fully filled when refuelling to give the best results.

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REQUIREMENT 4: Demonstrate ability to:

a.   **Write and endorse checks.**

Date:	*17 Jan 2010*	**Deep River Bank**		Date:	*17 Jan 2010*
		222 Flow St. Rain City			
Payee:	*Mr Eddie Current*	Pay:	*Mr Eddie Current*		
		The sum of	*One Thousand two hundred dollars and thirty one cents.*		$1200.31
Fwd.	*$2458.33*				
Chq.	*$1200.31*	Mr M.T. VESSEL	*MT Vessel*		
Bal.	*$1258.02*				
000233			000233 "058 111 856982 1522"		

(Not Negotiable appears vertically in the centre of the cheque)

The above represents a typical cheque. The general principles are as follows.

Consider the part to the right of the dotted line.

$ *Deep River Bank*   The Bank to which the person writing the cheque has an account.

$ Date: The date the cheque was written *(ie 17 Jan 2010)*

$ Pay: The person / organisation being 'paid' (ie *Mr Eddie Current*)

$ The sum of: The amount to be paid (ie *One Thousand two hundred dollars and thirty one cents.* Note that this amount must be the same as the amount given in numbers: (ie $1200.31)

$ Mr M.T VESSEL: The name of the person paying the money (ie Bank Account Name)

$ *MT Vessel.* The signature of the person paying the money (ie Bank Account holder)

$ 000233 "058 111 856982 1522": The first number (ie 000233) is the number of the cheque while the other numbers are bank and account details.

$ Not Negotiable: This means that the cheque must be placed in the recipient's bank account. This reduces the risk of theft.

Consider the blue part on the left of the vertical dotted line. It is called the butt and left in the cheque book as a record of the cheque.

$ Fwd: The amount brought forward from the previous cheque butt (ie *$2458.33*). It is used to check against your bank's statement.

$ Chq: The amount of this cheque (ie *$1200.31*)

$ Bal: The current balance (ie *$1258.02*) in your cheque account, which is calculated by subtracting *$1200.31 from $2458.33*

$ 000233:   The number of this cheque.

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b. **Check receipts / invoices;**

As Christians we need to ensure that we are above reproach. The basic rule is to ensure that all parts of the receipt are completed and checked to ensure accuracy.

Trainers please have your students work through a receipt / invoice which is typical of where you live.

c. **Check bills (ie Tax Invoices) and monthly statements;**

Trainers please have your students work through bills and monthly statements which are typical of where you live

d. **Report expenses or keep an expense log;**

Trainers please have your students work through an expense 'sheet / log' which is typical of where you live

e. **Calculate simple interest.**

Simple interest is the most basic of all interest calculations.

$$I = P \times R/100 \times N$$

Where:

I = Simple Interest
P = Principal
R = Interest rate percentage per period
N = Number of Periods

Example

Mr Beannie invests $1000 in the Top Hat Bank for 7 years. The interest rate is 6% per annum. Calculate how much simple interest his money will earn over this period of time.

Using our formula for simple interest:

$$I = P \times R/100 \times N$$

Where:

P = Principal ($1000)
R = Interest rate percentage per period (6% per annum)
N = Number of Periods (7)

Substituting values

$$I = \$1000 \times 6\%/100 \times 7$$
$$= \$420.00$$

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REQUIREMENT 5: Understand the basic principles and outline benefits and pitfalls of:

a. Electronic banking

Electronic banking is also called online banking or internet banking. It allows customers to conduct financial transactions over the internet via a website operated by their bank or another financial services provider.

Wikibooks (http://en.wikipedia.org/wiki/Electronic_banking) lists the following features.

- $ Transactional (e.g., performing a financial transaction such as an account to account transfer, paying a bill; also for applying for a loan, new account, etc.)

- $ Electronic bill presentment and payment – ie SBPP / BPay

- $ Funds transfer between a customer's own cheque and savings accounts, or to another customer's account

- $ Investment purchase or sale

- $ Loan applications and transactions, such as repayments

- $ Non-transactional (eg., online statements etc)

- $ Bank statements

- $ Financial Institution Administration - features allowing the financial institution to manage the online experience of their end users

- $ Features commonly unique to business banking include support of multiple users having varying levels of authority and transaction approval process

- $ Personal financial management support, such as importing data into personal accounting software and assistance on data management

Benefits of Electronic Banking compared with traditional over-the-counter banking are:
- $ Convenience
- $ Speed of transitions
- $ Access to 'live' data and information.

Pitfalls of Electronic Banking are:
- $ Security of data. Criminals not only steal your money, but may steal your identity also
- $ Errors not readily found unless statements checked frequently.

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b. Credit card system (ie Visa, Mastercard etc)

The following notes have been adapted from http://en.wikipedia.org/wiki/Credit_card
The picture is from: http://upload.wikimedia.org/wikipedia/commons/7/70/Smartcard2.png

A credit card is part of a system of payments named after the small plastic card issued to users of the system. It is a card entitling its holder to buy goods and services based on the holder's promise to pay for these goods and services. The issuer of the card grants a line of credit to the user from which the user can borrow money for payment to a merchant or as a cash advance to the user

The credit card contains user details, either on a magnetic strip or a computer chip. Credit card size, data etc comply with international standards.

Credit cards allow the consumers to 'revolve' their balance, at the cost of having interest charged. Most credit cards are issued by local banks or credit unions.

Benefits of Credit Cards are:
$ Ease of use and convenience. Users can purchase goods or services without delay.
$ Security. Large amounts of cash do not have to be carried.
$ Money is loaned at no interest if repayments are made before a stipulated time.

Pitfalls of Credit Cards:
$ Discipline is needed to ensure one does not overspend.
$ If repayments are not made within a stipulated period, high interest is charged (say 20%).
$ Credit cards are susceptible to fraud unless security precautions are made.
$ Some merchants charge a usage fee for use of their cards